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MINISTRY OF FINANCE

(Department of Economic Affairs)

NOTIFICATION

New Delhi, the 29th October 1956

S.R.O. 2512.—In exercise of the powers conferred by sub-section (4) of section 102 of the States Reorganisation Act, 1956 (37 of 1956), the Central Government, after consulting the Governments of the existing States of Andhra and Hyderabad hereby makes the following Order, namely:—

1. Short title and commencement.—(1) This Order may be called the Andhra Pradesh State Financial Corporation Order, 1956.

(2) It shall come into force on the 1st day of November, 1956.

2. Definitions.—In this Order—

- (a) “Act” means the State Financial Corporations Act, 1951 (63 of 1951);
- (b) “Board” means the Board of directors of the Andhra Pradesh State Financial Corporation; and
- (c) “Financial Corporation” means the Andhra Pradesh State Financial Corporation.

3. Name of the Financial Corporation.—The Financial Corporation established for the State of Andhra Pradesh on the amalgamation of the Financial Corporations established for the existing States of Andhra and Hyderabad under sub-section (3) of section 102 of the States Reorganisation Act, 1956 (37 of 1956) shall be called the Andhra Pradesh State Financial Corporation.

4. The Board.—The Board shall consist of the following persons who shall be deemed to have been nominated or elected, as the case may be, by the State Government of Andhra Pradesh or by the respective parties shown against their names:—

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| (i) The Secretary to the Govt. of Andhra Pradesh, Industries. | } Nominees of the Govt.
of Andhra Pradesh. |
| Department, <i>ex officio</i> | |
| (ii) The Secretary to the Govt. of Andhra Pradesh, Finance | |
| Department <i>ex officio</i> | |
| (iii) The Director of Industries & Commerce, Andhra Pradesh | |
| <i>ex officio</i> | |
| (iv) Sri M. L. Tannan | Nominee of the Central Board of the Reserve Bank of India, |

- (v) Shri C. A. Subrahmanyam, Manager, Industrial Finance Corporation of India, Madras. Nominee of the Board of Directors of the Industrial Finance Corporation of India established under the Industrial Finance Corporation Act, 1948 (XV of 1948).
- (vi) Shri Maddi Sudarsanam
(vii) Shri Bikkani Venkataratnam
(viii) Shri Pingle Venkatarama Reddi ;
- Scheduled banks
Co-operative banks
Other Financial institutions ;
- Parties referred to in clause (c) of Sub-Section (3) of Section 4 of the Act ;
- (ix) Shri Pannalal Pilli . . . Parties referred to in clause (d) of Sub-section (3) of Section 4 of the Act ; and
- (x) Shri R. Jaivanth Rao who shall be the Managing Director.

(2) Shri Bikkani Venkataratnam shall be the Chairman of the Board.

(3) The managing director shall receive the same salary and allowances as he was receiving immediately before the 1st November, 1956, as the managing director of the Financial Corporation established under the Act for the existing State of Hyderabad and shall hold office until 28th February, 1957.

(4) The directors, other than the managing director, shall hold office until the Board is reconstituted in accordance with the provisions of section 10 of the Act.

5. **Auditors.**—The following shall be the auditors of the Financial Corporation for the year 1956-57, namely:—

1. Messrs. S. B. Billimoria & Co., Chartered Accountants Appointed by the State Govt. in consultation with the Comptroller & Auditor General of India.
2. Messrs. Karra & Co., Chartered Accountants.
3. Messrs. Nataraja Iyer & Co., Chartered Accountants.
4. Messrs. Brahmayya & Co., Chartered Accountants. Elected by the shareholders.

6. **Authorised capital of the Financial Corporation.**—The authorised capital of the Financial Corporation shall be Rs. 4 crores (Four crores) divided into shares of Rs. 100 each. The issued and paid up capital shall be Rs. 1.5 crores and shall be deemed to have been distributed amongst the parties mentioned in sub-section (3) of section 4 of the Act in the manner following:—

	Shares
(a) the State Government of Andhra Pradesh	70,000
(b) the Reserve Bank	20,000
(c) Scheduled banks, insurance companies, investment trusts, co-operative Banks or other financial institutions	50,000
(d) other parties	10,000

7. **Head Office.**—The head office of the Financial Corporation shall be at Hyderabad; and there shall be a branch office at Vijayawada, till such time as the Andhra Pradesh State Financial Corporation decide otherwise.

8. **Guarantee of shares.**—The shares of the Financial Corporation shall stand guaranteed by the Government of Andhra Pradesh as to the repayment of the principal and the payment of annual dividend at a minimum rate of $3\frac{1}{2}$ per cent.

9. **Property, contracts and pending proceedings.**—(1) All rights, powers, authorities and privileges and all property, moveable and immoveable, and all other interests and rights in, or arising out of, such property and all assets and liabilities including all debts and obligations of whatever kind of each of the Financial Corporations established under the Act for the existing States of Andhra and Hyderabad shall stand transferred to and be vested in the Andhra Pradesh State Financial Corporation on and from the 1st November, 1956.

(2) All contracts, deeds, bonds, agreements, powers of attorney, and other instruments of whatever nature subsisting or having effect immediately before the 1st November, 1956, and to which the Financial Corporations established under the Act for the existing States of Andhra and Hyderabad are parties or which are in favour of the said Corporations shall be as of full force and effect against or in favour of the Andhra Pradesh State Financial Corporation.

(3) If on the 1st November, 1956 any suit, appeal or other legal proceeding is pending by or against any of the Financial Corporations established under the Act for the existing States of Andhra and Hyderabad the same shall not abate but may be continued by or against the Andhra Pradesh State Financial Corporation.

10. Officers and employees.—Every officer or other employee in the employment of the Financial Corporations established under the Act for the existing States of Andhra and Hyderabad shall on and from the 1st November, 1956, become an officer or other employee, as the case may be, of the Andhra Pradesh State Financial Corporation and shall continue in service therein by the same tenure, at the same remuneration and upon the same terms and conditions applicable to him immediately before the 1st November, 1956, until his employment is duly terminated or until his remuneration and terms or conditions of service are duly altered by the concerned authority of the Andhra Pradesh State Financial Corporation.

11. Employees Provident Fund.—The persons who immediately before the 1st November, 1956 are the Administrators of the Fund called the Hyderabad State Financial Corporation Employees Provident Fund shall continue to be the Administrators thereof until new Administrators are appointed.

12. Regulations.—Subject to any regulations that may be made under section 48 by the Board, the regulations made under the said section by the Board of directors of the Financial Corporation established under the Act for the existing State of Andhra shall, as far as may be, apply to the Andhra Pradesh State Financial Corporation.

13. Declaration of Fidelity and Secrecy.—Every declaration of fidelity and secrecy made to the Financial Corporations established under the Act for the existing States of Andhra and Hyderabad shall, on and from the 1st November, 1956, be deemed to be such a declaration made to the Andhra Pradesh State Financial Corporation.

[No. F.9(15)Corp./56.]

M. R. BHIDE, Joint Secy.

